



**NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
Senate Bill 557\***

AMENDMENT NO. \_\_\_\_\_  
(to be filled in by  
Principal Clerk)

S557-ABAxfr-45 [v.7]

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Amends Title [YES]  
Third Edition

Date \_\_\_\_\_, 2019

Representative Adcock

moves to amend the bill on page 1, line 7, by rewriting the line to read:

"SUNSET PROVISIONS, TO MAKE TECHNICAL CORRECTIONS, TO INCREASE  
THE EXCISE TAX ON VAPOR PRODUCTS, AND TO CREATE THE TOBACCO USE  
PREVENTION FUND.";

and on page 22, line 26, by rewriting the line to read:

**"INCREASE EXCISE TAX ON VAPOR PRODUCTS**

**SECTION 8.5.(a)** G.S. 105-113.35 reads as rewritten:

**"§ 105-113.35. Tax on tobacco products other than cigarettes.**

(a) Tax on Tobacco Products. – An excise tax is levied on tobacco products at the rate of  
twelve and eight-tenths percent (12.8%) of the cost price of the products. The tax rate does not  
apply to ~~the following cigarettes~~

~~(1) Cigarettes subject to the tax in G.S. 105-113.5.~~

~~(2) Vapor products subject to the tax in subsection (a1) of this section.~~

~~(a1) Tax on Vapor Products. – An excise tax is levied on vapor products at the rate of five  
cents (5¢) per fluid milliliter of consumable product. All invoices for vapor products issued by  
manufacturers must state the amount of consumable product in milliliters.~~

~~...."~~

**SECTION 8.5.(b)** G.S. 105-113.40A reads as rewritten:

**"§ 105-113.40A. Use of tax proceeds.**

The Secretary must credit the net proceeds of the tax collected under this Part as follows:

(1) An amount equal to three percent (3%) of the cost price of the products to the  
General Fund.

(1a) An amount equal to the revenue generated by the tax on vapor products ~~under~~  
~~G.S. 105-113.35(a1) to the General Fund~~ to the Tobacco Use Prevention Fund  
established under G.S. 14-313.5.

(2) The remainder to the University Cancer Research Fund established under G.S.  
116-29.1."

**SECTION 8.5.(c)** This section becomes effective July 1, 2020.

**CREATE THE TOBACCO USE PREVENTION FUND**



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**SECTION 8.6.(a)** Article 39 of Chapter 14 of the General Statutes is amended by adding a new section to read:

**"§ 14-313.5. Tobacco Use Prevention Fund.**

(a) Definitions. – The following definitions apply in this section:

(1) Department. – The Department of Health and Human Services.

(2) Fund. – The Tobacco Use Prevention Fund established under subsection (b) of this section.

(b) Establishment and Purpose. – The Tobacco Use Prevention Fund is established as an interest-bearing special fund in the Department of Health and Human Services, Division of Public Health, Chronic Disease and Injury Section. The purpose of the Fund is to prevent the use of new and emerging tobacco products, including electronic cigarettes, especially among youth and people of childbearing age. The Fund shall consist of the amounts allocated under G.S. 105-113.40A(1a). Any balance remaining in the Fund at the end of any fiscal year is carried forward in the Fund for the next succeeding fiscal year for the purposes set forth in this section.

(c) Use of Moneys. – The Department is prohibited from expending moneys in the Fund for any purposes other than the administrative purposes authorized by subsection (d) of this section and the following:

(1) To create regional tobacco use prevention programs with statewide coverage to engage young people in tobacco use prevention teams in counties and school districts across the region, provide education and training of youth leaders at the local level, and reach young people with effective tobacco use prevention and cessation, with an emphasis on preventing and reducing the use of new and emerging tobacco products, including electronic cigarettes.

(2) To provide technical assistance and oversight of the regional tobacco use prevention programs.

(3) For evidence-based education campaigns on the health risks of tobacco use, new and emerging tobacco products, including electronic cigarettes, and effective tobacco use prevention and control strategies and policies through channels known to effectively reach youth, parents, and communities across the State.

(4) For education and enforcement of G.S. 14-313 and other State tobacco laws, including with respect to new and emerging tobacco products.

(5) To track youth tobacco use and exposure, including new and emerging tobacco products.

(6) To conduct an independent evaluation of the reach and effectiveness of the State's tobacco use prevention programs.

(7) To provide financial assistance, based on selection criteria established by the Department, to any local health department or other nonprofit organization with an interest in preventing tobacco use that does not receive funding from the tobacco industry upon a demonstrated commitment by the grant recipient to both of the following:

a. To use the moneys for a purpose authorized in subdivisions (1) through (6) of this subsection.

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b. To comply with guidelines developed by the Department of Health and Human Services on evidence-based tobacco use prevention and control strategies.

(d) Fund Administration. – The Department shall exercise administrative control over the Fund and may use up to ten percent (10%) of the annual amount allocated to the Fund each fiscal year for administrative purposes. The Department shall develop guidelines for administering the Fund that are consistent with this section.

(e) Annual Report. – Annually on March 1, the Department of Health and Human Services shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the expenditures made from the Fund during the preceding fiscal year. The report shall identify each expenditure by recipient and purpose and shall indicate the authority under this section for the expenditure."

**SECTION 8.6.(b)** This section becomes effective July 1, 2020."

SIGNED \_\_\_\_\_  
Amendment Sponsor

SIGNED \_\_\_\_\_  
Committee Chair if Senate Committee Amendment

ADOPTED \_\_\_\_\_ FAILED \_\_\_\_\_ TABLED \_\_\_\_\_